

14 February 1967

MEMORANDUM FOR THE RECORD

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SUBJECT: Contract Negotiation with [] - CW-6744

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1. Negotiations were conducted on the 6th and 7th of February 1967 with [] to redetermine Contract CW-6744. The redetermination was required by the contract because the Contractor's 31 November 1966 "estimate to complete" resulted in variance of greater than 10% of the original contract value.

2. The following is a synopsis of the original negotiation, the Contractor's 23 January 1967 proposal for completion and the negotiated amounts:

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Item	Original Cont.Val.	23 Jan.67 Proposal	Redeter. Contr.Lev.	Projected Costs (1)
I				
II				
III				
IV				
V				
VI				
VII				
VIII				
IX				
X				
Tgt. Cst.				
Fee				
7 1/2%				

Note: (1) The Projected Cost level is computed because the contractor's burdens have increased and increased the level of effort costs. However, the fee is based on the Redetermine Contract Level column.

3. The factors relevant to the establishment of the re-determined level of effort are as follows:

a. Item I Spares - The Government team recognized that the \$506,000 level was tight but was required due to the tightness of the overall M & O budget.

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Depot personnel are presently buying pursuant to the EOQ theory but were alerted to watch the spares dollars and buy single items when the dollar budget is approximated. The cost of the first 182 line items procured averaged \$519 which was made up of 10.4 hours labor and \$349.96 material.

b. Item II Flight Test Support -

	<u>D</u>	<u>J</u>	<u>F</u>	<u>M</u>	<u>A</u>	<u>M</u>	<u>J</u>	<u>Total</u>
Orig.Negotiated	7	5	4	4	3	3	3	29
New Projection	7	5	4	4	4	4	4	34

The increase of one man in months April thru June is required to render more emphasis to the RCD testing. The 34 man months was developed by authorizing 32 man months plus 10% overtime. As a result, the total level of effort for FY67 is 69 man months (July thru June 1967).

c. Item III Beale Support -

	<u>D</u>	<u>J</u>	<u>F</u>	<u>M</u>	<u>A</u>	<u>M</u>	<u>J</u>	<u>Total</u>
Orig.Negotiated	4	5	5	5	5	5	5	34
New Projection	3	4	5	5	5	5	5	35

The 35 man months was developed by authorizing 32 man months and 12% overtime. As a result, the total level of effort for FY67 is 51 man months.

d. Item IV In Plant & Sustaining Effort

	<u>D</u>	<u>J</u>	<u>F</u>	<u>M</u>	<u>A</u>	<u>M</u>	<u>J</u>	<u>Tot.Hrs.</u>
SRA	3	3	3	3	3	3	3 +10% o.t.	3696
Engr.Backup	3	3	3	3	3	3	3	3360
Engr.Sup.to SRA BW4 & BW5	3	3	3	3	3	3	3	3360
Proj.Engr.	1	1	1	1	1	1	1	1120
Design Engr.	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2280
Studies								
Radar Improv.							10 man months	1600
Projected							15.5 man months	2480

	<u>D</u>	<u>J</u>	<u>F</u>	<u>M</u>	<u>A</u>	<u>M</u>	<u>J</u>	<u>Tot.Hrs.</u>
ECP's (81,84,88, 95,107,110)								1707
Proj.ECP's								3600
Akron Support								1120
Spares Support (PPB for reprovisioning)								0
								<hr/> 25,363

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The average rate of was experienced during July through November and was applied to the 25,363 hrs.

e. Item V Kits

As of the end of November 1966, 240 kits had been completed on 10% of the effort and 10% of the effort on 222 kits had been completed. Thus, 12.4 hours and \$89 were expended on the 262 kits (240 +22).

It was estimated for the total year that the following kits would be required:

(a) Completed	240
(b) Work in Process	200
(c) New Work	250
(d) Complex kits	5

f. Item VI SRA

As of the date of the negotiation, 132 Work Orders had been completed at a cost of \$107,500 or \$815 per Work Order. The average number of Work Orders per month was 37. Thus, \$362,000 was computed as the year's requirement; i.e., 37 x \$815 x 12 months. In addition, a \$160,000 requirement was estimated for the 12 unit recycle program for the 2 degree nose up-tilt.

g. Item VII Follow-on AGE

Of the four AGE end items ordered in June, three have been delivered. No other items will be required this fiscal year. Thus, the original dollar requirements will stand.

h. Item VIII Technical Data

As of 30 November 1966, 543 pages had been completed with 2167 hours of labor and 284 pages were in process of completion. Based on this experience, the contractor

projected the following:

		<u>Pages</u>	<u>Hours</u>
(1)	Complete	543	2167
(2)	In process	284	900
(3)	Projected 12-1 thru 3-1	750	3695
(4)	Projected 3-1 thru 6-30	160	704

The Government team deleted 1/3 of the effort (1470hrs) from the 12-1 thru 6-30 time period as work required for RCD data which is covered in the Production Contract.

(i) Item IX Reports

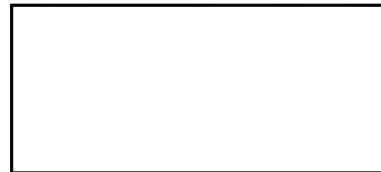
No change from June 1966 negotiation.

(j) Item X AVI

No change from June 1966 negotiation.

Note: Negotiation notes and relevant papers are filed under CW-6744, "Proposals".

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